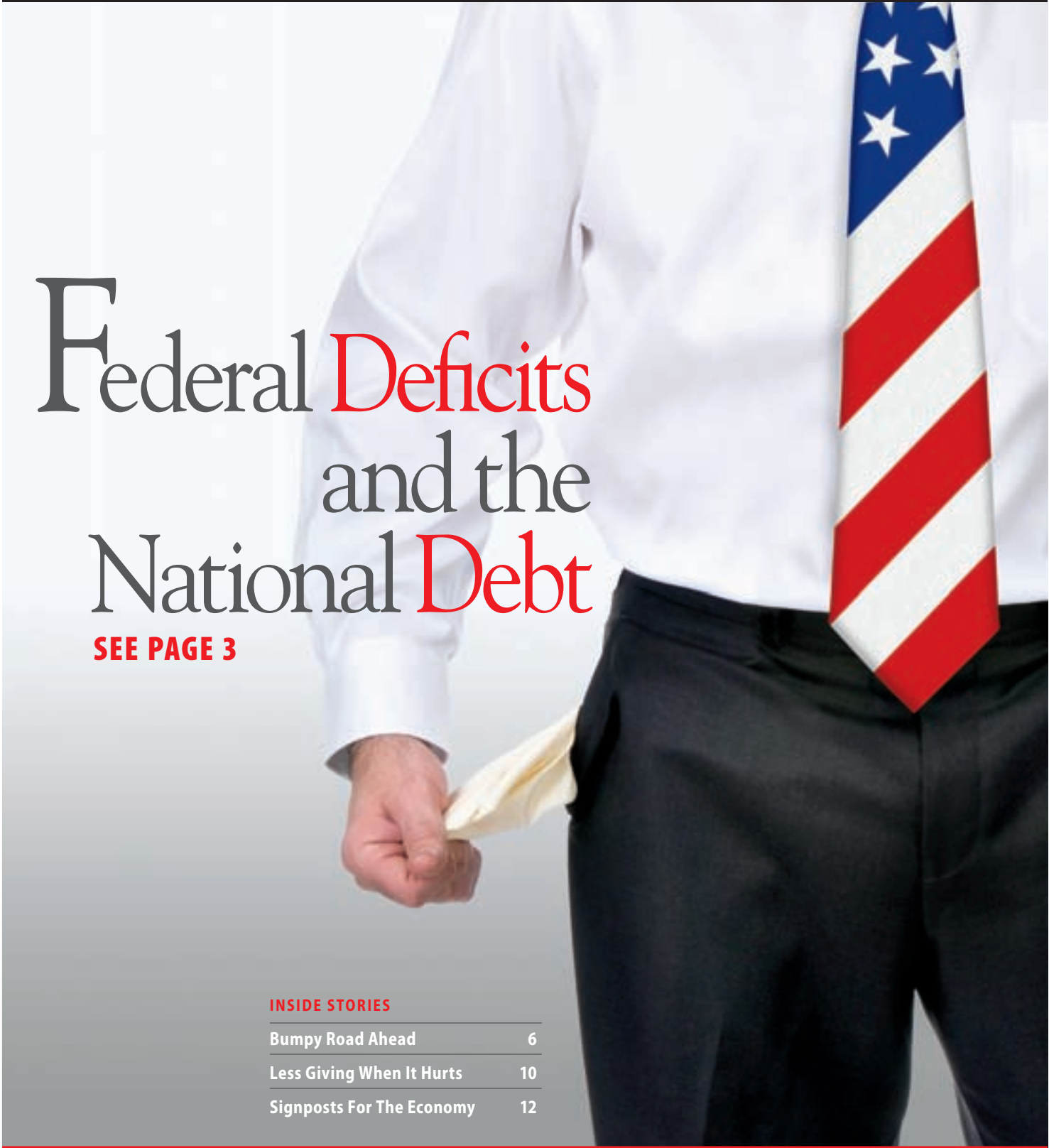


# FISCAL NOTES

MARCH REVENUE (IN MILLIONS): SALES TAX: \$1,466.0 OIL PRODUCTION: \$79.0 NATURAL GAS: \$114.4 MOTOR FUELS: \$232.8 MOTOR VEHICLE SALES: \$239.2 TOBACCO: \$133.9



## Federal Deficits and the National Debt

SEE PAGE 3

### INSIDE STORIES

|                           |    |
|---------------------------|----|
| Bumpy Road Ahead          | 6  |
| Less Giving When It Hurts | 10 |
| Signposts For The Economy | 12 |

## LETTER FROM THE COMPTROLLER

**T**exas is home to many larger-than-life characters, both real and fictional, who personify our state's independent spirit, our optimism and our grit in the face of adversity.

In the book *The Time it Never Rained*, author Elmer Kelton created a fictional character that reminds me of a very real person in my life — my father, David Combs.

The novel's protagonist is a crusty rancher named Charlie Flagg who made it through the Texas drought of the 1950s with fierce determination and a wisdom honed on the range. In resisting offers of federal assistance, he said, "What I can't do for myself, I'll do without."

Likewise, my dad had the good foresight and business sense to lease part of our ranch land during the lean years, rather than taking on more financial burden. He always called that the best financial decision he'd ever made.

You see, both Charlie Flagg and my dad understood that you can't simply borrow your way out of drought.

They also knew that you have to be very sensitive to the burden you're putting on your back during lean times, because it can stay with you after good times return.

Those are timeless lessons. But I'm afraid they're forgotten from time to time.

In this issue of *Fiscal Notes*, we take a look at the massive federal budget deficit and our expanding national debt, and the implications they will have for the country's economy — and for our children and grandchildren, as taxpayers.

Today, we need sound and sensible strategies to meet our challenges.

As an eternal optimist who likes roses as much as bluebonnets, I've always hoped for the best. But as the proud daughter of a West Texas rancher, I also know that you can't take hope to the bank. That's never worked.

What does work is discipline and common sense. In today's climate, we must know what we can truly afford to do for ourselves. Or do without. We get that here in Texas.

*Ausan Combs*



## ACROSS TEXAS

► San Antonio's century-old Gibbs Building, the city's first office building, has been renovated and recently opened as the 91-room Hotel Indigo San Antonio, part of an international hotel chain managed by **InterContinental Hotel Group**.

► Austin developer **Capital City Partners LLC** has announced plans for a new 15-story office building on the shores of Austin's Lady Bird Lake. The project should be completed by April 2012.

► Dallas–Fort Worth International Airport has awarded a \$900 million contract for construction and related services to **Balfour Beatty Construction**, as part of a project to renovate the airport's terminals and build a rail station to connect it with future routes of Dallas Area Rapid Transit.



**Remember** when the shopping mall was the cultural and economic center of every teenager's life? Visit [www.FiscalNotes.com](http://www.FiscalNotes.com) for a look at the rise, decline and evolution of mall shopping.

**O**ne troubling aspect of the nation's financial crisis has been a soaring federal budget deficit. To learn more about the federal government's sea of red ink, *Fiscal Notes* recently spoke with Dr. Edgar Browning, professor of Public Economics at Texas A&M University and author of the recent book *Stealing from Each Other: How the Welfare State Robs Americans of Money and Spirit*.

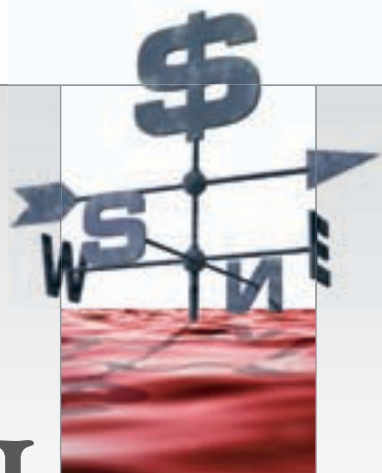
**FN:** The national debt and the national deficit are big news these days. Could you begin by explaining the difference between the two?

**EB:** It's important to keep "debt" and "deficit" distinct. The national debt is the outstanding value of all government obligations — Treasury bonds and bills. It's basically the accumulated value of past federal borrowing. The official national debt, which stands at about \$12.8 trillion now, is simply the sum of all past deficits, minus the occasional surplus.

The deficit is the annual excess of spending over tax revenue that is financed by borrowing. Over the last 60 years, we've run deficits in something like 55 of them.

One of my old professors said it's very simple: our leaders like to spend money and provide benefits that people can see, and they don't like to raise taxes and impose costs on voters. Thus there's a natural but unfortunate tendency to use deficits to finance expenditure programs.

For 2010, the deficit is projected to be about \$1.4 trillion.



# High Tide for Red Ink

*Federal Deficits and the National Debt*

by Bruce Wright

## WEATHERING THE STORM: A SERIES OF REPORTS ON THE TEXAS ECONOMIC CLIMATE

To see our entire series of "Weathering the Storm" articles, visit [www.fiscalnotes.com](http://www.fiscalnotes.com).

**FN:** That's a disturbingly large number. Is this kind of debt unprecedented in our history?

**EB:** Well, we came out of World War II with a very large national debt. I don't think the debt, as a percentage of our gross domestic product (GDP), is as high now as it was then. But it's certainly unprecedented over the last 50 years.

**FN:** Some commentators describe the debt situation in pretty disturbing terms.

**EB:** I don't think it's at a level yet that suggests a national catastrophe. A number of other countries have higher debt-to-GDP ratios now. But they're not countries we would necessarily want to emulate.

The more alarming thing about the current situation, though, is that even when we recover from the recession, deficits will remain extremely large. And if that continues, it's going to be very bad for the American economy.

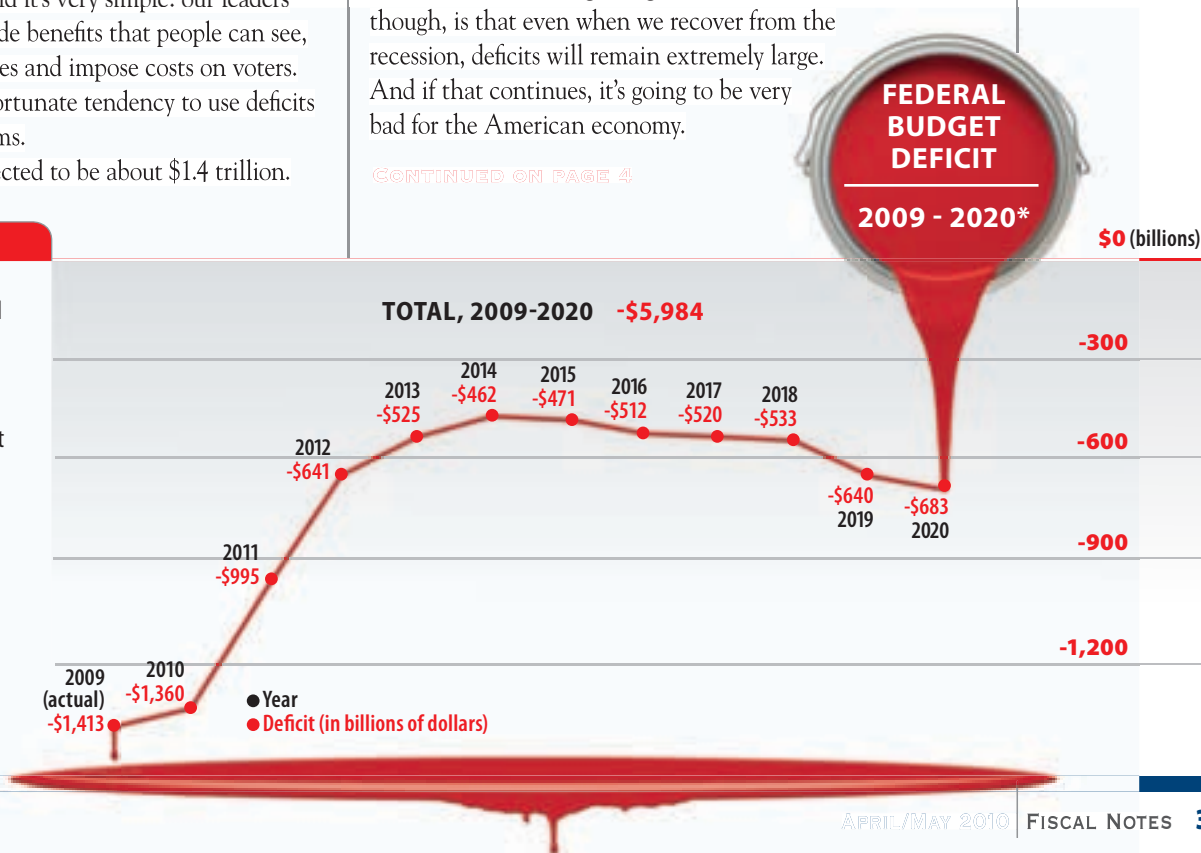
CONTINUED ON PAGE 4

## OCEANS OF DEBT

**A**ccording to the Congressional Budget Office's March 2010 baseline budget estimates, enormous deficits will be a fact of American life for the foreseeable future.

\*CBO's baseline estimates assume current laws and a growth in discretionary spending that matches the rate of inflation.

Source: Congressional Budget Office





**“Even when we recover from the recession, deficits will remain extremely large.”**

Dr. Edgar Browning, professor of Public Economics at Texas A&M

**CONTINUED ON FROM PAGE 3**

**FN:** I think most people just feel intuitively that these kinds of deficits can't be good for the economy. But just what effects could we expect?

**EB:** Deficit finance has two significant implications for the future. One is that you'll have to have higher taxes to pay the interest on the public debt. The \$12.8 trillion in current debt — that's all interest-bearing securities. Future taxpayers will pay more to fund government spending that took place in the past. They will get no current benefit from these higher taxes.

You might support that kind of debt in wartime, since future taxpayers have a stake in whether or not you win, and it's not unreasonable to have them bear some of that cost. But in peacetime, when all you're doing is funding the welfare state, it becomes a more problematic issue — do you want to see future generations bear the cost of that?

The other problem is that deficit financing tends to crowd out private investment. When the government borrows money, it's competing with private borrowers, and a large share of the funds it gets from borrowing would otherwise have funded private investments. And the reduction in private investment has a definite effect on our future output and productivity.

**FN:** How so?

**EB:** Our capital stock in this country — all the buildings and vehicles and computers and stuff — all that buttresses our productivity as workers. Deficit finance tends to pull funds that would add to that capital stock. This lowers future generations' productivity and thus their income potential. So it's not only that deficits mean higher taxes in the future; it also means lower incomes. That's the hidden cost of deficits.

And it's what makes the cost excessive, to many economists. If you have a program that you are going to undertake, we'd typically say that it's better to pay for it with taxes than by borrowing, because the costs are lower, and they fall on the people who are getting the benefit of the expenditure, rather than future generations.

**FN:** Can you give us an idea of the magnitude of this “hidden cost?”

**EB:** In the late 1990s, two well-known economists made a rough estimate that accumulated deficits had reduced GDP

by about 3.5 percent. Today, if you did the same analysis I think you'd find it was 5 percent or more.

That doesn't sound like a lot, but you're losing 5 percent of your income each year — and it goes up and up as we add more and more to the debt. My guess is that, with the deficits projected over the next 10 or 15 years, by the end of that time our incomes will be about 10 percent below where they'd otherwise be.

**FN:** Are you speaking of personal income or GDP?

**EB:** GDP is our total incomes. I know that when a lot of people hear the term “GDP” on the news, their eyes glaze over. It might be better if they called it our gross domestic income, the combined income of everybody in America.

If deficit finance siphons off money that would otherwise go into private capital investment, future wages will be lower, because workers will be less productive. You get lower wages as a direct result. That's the insidious thing about the federal deficit. Many people are unaware of this. But economists are well aware of it, and that's why we tend to think that deficit finance should be used only in extreme situations.

It's important to emphasize that the real problem is the continuing increase in spending. A permanently enlarged welfare state seems like a very likely outcome. That will make us more like the European countries — which have not done particularly well economically during the last 30 years.

**FN:** So what are our options as a nation?

**EB:** The future is very troubling, and it has been for some time. We've known about the coming retirement of the Baby Boom generation. Look at the aging of the population, and its effects on Social Security and Medicare and Medicaid — we've known this was coming for a long time.

We can continue running large deficits, which is not good for the health of the economy, or we can raise taxes, which is not good for the economy either, although most economists would say that it's better than running deficits. Or we can reduce spending. Those are our choices.

If we don't, the federal government will inevitably take a larger role in the economy. In 30 or 40 years, it will be spending 30 or 35 percent of our income, instead of the 20 to 25 percent now.

Given the options, I think we should bite the bullet and make plans to cut spending in our entitlement programs. But politicians, as I mentioned, like to spend money and not raise taxes — look at the major proposed spending increase called “health care reform.” So I expect higher taxes and continued deficits in our future. And later generations will pay for our profligacy. **FN**

For the most current data on the federal deficit, visit the Congressional Budget Office at [www.cbo.gov](http://www.cbo.gov).

# Kyser Capo Takes Global Sales Up a Key

by David Bloom

## Texas Company Doesn't Fret About Economy

**Y**ou'll find a capo in most every guitarist's gig bag. And there's a pretty good chance that it will be a Kyser Capo, manufactured in and distributed from the Texas towns of Kaufman and Canton.

With a capo — a small device that clamps down across all six strings of the guitar — a performer can easily change the key of a song. It eliminates the need to tune differently or to master the ability to play in various fingering positions all over the fret board.

But enough music theory. Because this is really a business success story, about how a Texas company that began in the proverbial garage workshop is now selling industry-leading products to musicians all over the world.

In 1981, Milton Kyser was a retired machinist with a guitar-playing friend who often complained about the elastic band capo that was the standard at the time. Kyser figured he could create one that would be easier to use and more precise. His innovative design, which features a spring-tensioned clamp, became known as the "Quick-Change" capo.

Nick Palmer, Kyser's grandson and operation manager at Kyser Musical Products, says that today the company's 30 full-time employees produce about 100,000 capos annually, shipping them to distributors throughout the U.S.,

Europe, Asia and Canada. "Thirty percent of our sales are international," Palmer notes. The standard Quick-Change capo, still popular nearly three decades after its debut, retails for between \$15 and \$20. "We call ourselves 'America's Capo,' Palmer adds, "and the world's favorite."

In March 2010, Kyser looked to increase its international presence by exhibiting at Germany's Musikmesse, which brings together manufacturers from around the globe to present a vast array of music-making products and instruments. While Kyser's most

popular international seller is the basic black Quick-Change capo, the company sells capos in various colors and types, including partial capos that facilitate alternate tunings and capos for banjos and mandolins.

Kyser is also shipping two unique products overseas these days. The goal, however, is to increase morale, not market share.

The company is providing both camouflage and patriotic red, white and blue capos to Operation: Music Aid, a nonprofit organization that distributes musical instruments to our wounded troops in Iraq and Afghanistan, as well as to military medical facilities in the U.S. **FN**

For more information on Kyser Capos, visit Kyser Musical Products at [www.kysermusical.com](http://www.kysermusical.com).

Do you know of a Texas company that is making strides in cultivating international sales? Let us know at [fiscal.notes@cpa.state.tx.us](mailto:fiscal.notes@cpa.state.tx.us) — we might profile them in an upcoming issue.



Singer Patty Griffin using a Kyser Capo in concert.



Photo courtesy of Ron Baker



by Gerard MacCrossan

## Funding Tight as Road Congestion Grows

**M**anaging Texas traffic is a never-ending game of “catch up.” The state’s highway engineers are continually modifying and expanding our road infrastructure with new lanes and new routes — but our population keeps on growing, and many of our roads stay clogged.

There’s no end in sight to Texas’ growth, or the challenges facing our highway planners. And their tasks will be made even more difficult by a funding crisis facing the next session of the state’s Legislature.

In February, Texas Transportation Commission Chair Deirdre Delisi told a joint state House and Senate hearing that without additional funding streams, the Texas



Deirdre Delisi  
Texas Transportation  
Commission Chair

Department of Transportation (TxDOT) may have no money at all available for expanding our road capacity in 2012 and beyond.

### ROADS ON LOAN...

TxDOT’s current operations are funded by a combination of the state motor fuels tax, vehicle registration fees, bonds, federal revenue and public-private partnerships on toll-road projects. Its total budget is \$8.07 billion in fiscal 2010 and \$8.85 billion in 2011.

Before 2002, TxDOT’s road projects were funded entirely with state and federal revenues. Since then, however, the agency has supplemented these allocations with private partners and borrowed funds generated by various bond issues.

TxDOT must service this existing debt before spending any funds on new projects.

### ...AND FUNDING SHORTFALLS

Texas will need to invest \$315 billion by 2030 — an average of \$14.3 billion annually — to build the new highways and bridges needed to accommodate our population growth with adequate mobility. More than half that amount, \$171 billion, will be needed just to keep traffic moving in our urban areas.

That’s the estimate produced by an

independent “2030 Committee” of 12 Texas business leaders who spent six months gathering public input and analyzing research on TxDOT’s behalf.

At the February legislative hearing, TxDOT Executive Director Amadeo Saenz said the agency is spending about \$3 billion annually for construction — \$11 billion less than the 2030 Committee’s recommendation.

TxDOT’s capacity to borrow money is limited by legislation and its existing debt-service responsibilities. And increased fuel efficiency is hurting tax revenue, Delisi told lawmakers. That message appears to have gotten through to the committees charged with leading transportation policy and legislation.

### TAXES VS. TOLLS

“For many years, state gas tax revenue has increased as the state population has increased and miles driven have increased,” Delisi told legislators. “Since the downturn in the economy in 2008, revenue has actually declined. In fiscal 2009, state motor fuel tax deposited to Fund 6 [the State Highway Fund] declined 2.17 percent from fiscal 2008.”

Attempts to raise the state gas tax during the 2009 legislative session didn’t even make it out of committee, much to the consternation of some lawmakers.

At the hearing, Sen. John Carona, chairman of the Senate Transportation and Homeland Security Committee,

### FALLING BEHIND

**Texas has experienced years of fast growth — and increasing highway congestion. In the state’s five largest metropolitan areas, highway construction has lagged behind population growth and vehicle miles traveled for the past 15 years.**

#### 1990-2005 INCREASES IN:

|                   | POPULATION | VEHICLE MILES TRAVELED | LANE MILES OF HIGHWAY * |
|-------------------|------------|------------------------|-------------------------|
| Austin            | 55%        | 77%                    | 36%                     |
| Dallas/Fort Worth | 37%        | 61%                    | 22%                     |
| El Paso           | 25%        | 72%                    | 60%                     |
| Houston           | 31%        | 60%                    | 27%                     |
| San Antonio       | 16%        | 84%                    | 21%                     |

\* Lane miles equal the distance of all lanes of highway combined. For example, 10 miles of four-lane highway equals 40 lane miles.

Source: 2030 Committee



**Sen. John Carona**  
Chairman of the Senate  
Transportation and  
Homeland Security  
Committee

argued that not raising the gas tax has made road building more expensive for Texas taxpayers. The state has partnered with private developers to build some major roads and bridges, and levy tolls on drivers to pay for them.

“[We’ve] chosen not to raise the gas tax — instead, we give it over to the private sector,” Carona said. “Private equity demands double-digit returns on their investment. All of that gets passed on.”

### A REVENUE “TOOLBOX”

To solve the problem, some say lawmakers should provide transportation leaders with a “toolbox” of funding mechanisms.

House Transportation Committee Chairman Rep. Joe Pickett of El Paso said that any change to the gas tax should be only part of an overhaul the whole transportation funding system needs — an overhaul that should include ending the diversion of fuels tax revenue to other state operations.

For fiscal 2010 and 2011, appropriations from the Highway Fund for non-transportation activities were equal to about 20 percent of TxDOT’s own appropriations from the fund.

Pickett also said that TxDOT should find alternatives to debt service for road revenue, such as local government transportation reinvestment zones; changes to the state’s vehicle registration fees; and rebates to encourage the use of toll roads and mass transit.



**Rep. Joe Pickett**  
House Transportation  
Committee Chair

Jacksonville Sen. Robert Nichols suggested shifting the state’s automobile sales tax from general revenue to the Highway Fund. The vehicle sales

tax raised \$3 billion in 2008 from an industry that depends on a functioning road system.

“I think that should be on the table,” Nichols said. “I think that should certainly go to transportation.”

### DOING NOTHING: A “HIDDEN TAX”?

2030 Committee Member Ken Allen of San Antonio, H-E-B’s senior vice president of supply chain and logistics, said doing nothing to change our funding system isn’t an option.

**TxDOT is spending about \$3 billion annually for construction — \$11 billion less than the 2030 Committee’s recommendation.**

“Mobility is a big, big deal to H-E-B,” he told the hearing. “All across Texas, we’re finding the arterial roads to be inadequate.”

Congestion can hurt the Texas economy and the environment as well as our quality of life. According to Allen, the American Trucking Association predicts the number of trucks on the road will double by 2025.

“When we sit immobilized in congestion, we’re burning expensive diesel fuel,” he said. “If the trucks and cars are rolling, it reduces fuel usage, it lowers the cost of transport and it means lower prices. We’re already paying millions of dollars of hidden taxes costing us time [and] fuel. We are prepared and we support paying more taxes into the Highway Fund so we can stop paying these hidden taxes that no one sees.”

Texas lawmakers are facing the undeniable truth that our road congestion is growing and will continue to grow.

“During the past 25 years, Texas’



**Ken Allen**  
H-E-B’s Senior  
Vice President of Supply  
Chain and Logistics

## WHERE OUR ROAD DOLLARS COME FROM

Texas highway funding comes from a variety of sources, including:

### MOTOR FUELS TAX

A flat 20 cents — unchanged since 1991 — is levied on every gallon of motor fuel sold in Texas. Twenty-five percent of the net collection is used to fund public education, with the remainder going to the State Highway Fund.



### VEHICLE REGISTRATION FEES

Counties collect a three-tiered annual registration fee for passenger vehicles (\$58.50, \$50.80 and \$40.80), based on the vehicle’s age. Counties retain a portion of the fees collected and the remainder is deposited in the Highway Fund.



### FEDERAL FUNDS

According to TxDOT, Texas typically receives about 70 cents for highways from each dollar remitted to Washington in federal motor fuel taxes. The federal tax is 18.4 cents per gallon of gasoline and 24.4 cents on diesel. In each of the past five years, however, Congress has cancelled some of the previously authorized funds owed to Texas.



### BONDS

Recent legislation has authorized TxDOT to raise up to \$11 billion for highway projects from revenue and general-obligation bonds. In addition, the Texas Mobility Fund — a revolving fund that collects bond proceeds and some transportation-related fees — is currently backing about \$6.4 billion in bonds.



### PUBLIC-PRIVATE PARTNERSHIPS

TxDOT has partnered with private entities to design and build, and in some cases finance and operate, transportation infrastructure. Tolls are used to repay the investment. TxDOT’s authority to enter into such agreements expired in 2009 with the exception of a few projects, mostly in North Texas.



**CONTINUED ON PAGE 13**

# Brief Bytes

by Editorial Staff



## HILLWOOD TOPS AMONG TRADE ZONES

The U.S. Foreign-Trade Zones Board named Hillwood's Alliance Global Logistics Hub as the nation's top foreign trade zone for the third consecutive year.

Foreign trade zones (FTZs) are special areas in which foreign goods can be imported and processed without paying U.S. customs duties, to encourage economic development.

In fiscal 2008, \$5.4 billion in foreign-made products passed through the Fort Worth-area FTZ, eclipsing the \$4 billion admitted through the Port Authority of New York and New Jersey, which came in second.

Hillwood officials expect the value of products passing through the zone to grow. Companies including Motorola, Lego and Hyundai occupy the site.

For more information on FTZs, visit <http://ia.ita.doc.gov>.

(Tracey Lamphere)

## HOUSTON LOSES CONSTRUCTION JOBS

According to a report from the Associated General Contractors of America, the number of construction jobs in the Houston/Sugar Land/Baytown area fell from 203,900 in December 2008 to 178,400 jobs in December 2009, a 13 percent fall. In all, the metro area lost 25,500 construction jobs over the period, more than any other metropolitan area in the nation.

While Houston had the largest total job loss in the construction sector, other metro areas had higher percentage decreases,

according to the association. Only four of 337 U.S. cities added construction jobs in 2009.

Construction job losses reflect the downturn in building permits issued in the Houston area. The Greater Houston Partnership, which tracks economic data for the region, reported that the total number of permits fell by 35.2 percent in 2009, while the number of new non-residential and residential building permits fell by 43.5 percent and 51.5 percent respectively.

For a variety of news related to the construction industry, visit [www.agc.org](http://www.agc.org).

(Tracey Lamphere)

## MOVIEMAKERS LOVE AUSTIN

Austin is one of the nation's best cities for the film industry, according to a recent ranking by *MovieMaker* magazine.

The trade publication moved Austin to the No. 5 spot for 2010, up from 10th place in 2009. The state capital has been on the list for 10 consecutive years.

*MovieMaker* praised Austin for its film community, local crew base and the full-fledged support of city and state officials.

"This is an award that is well deserved for Austin," says Gary Bond of the Austin Film Commission. "The film community has worked hard to increase amenities and services for filmmakers working in the area. With incredible cooperation between the Austin Film

Festival, Austin Film Society, Austin Studios and South by Southwest, we're able to get the word out about just how vibrant a film city Austin is."

Bond also credited the city's expansive repertoire of film festivals, citing Fantastic Fest and the Austin Asian Film Festival among the events that keep Austin on the map with filmmakers.

Albuquerque ranked at the top of *MovieMaker's* list, followed by Los Angeles, Shreveport, La., and New York City.

For *MovieMaker's* full ranking of the nation's best cities for filmmaking, visit [www.movie-maker.com](http://www.movie-maker.com). Visit the Austin Film Society at [www.austintexas.org/filmmakers](http://www.austintexas.org/filmmakers).

(Karen Hudgins)

## A BOOST FOR NURSING PROGRAMS

Methodist Healthcare Ministries of South Texas Inc. (MHM) has awarded a \$3.9 million grant to the University of Texas Health Science Center at San Antonio to launch three nursing degree programs.

"We found that many more children were taking high-level math and science courses in school with the intention of going into the healthcare field, but there were not enough slots available," says Kevin C. Moriarty, MHM president and CEO. Investing in local nursing programs to meet that demand just makes sense, he says.

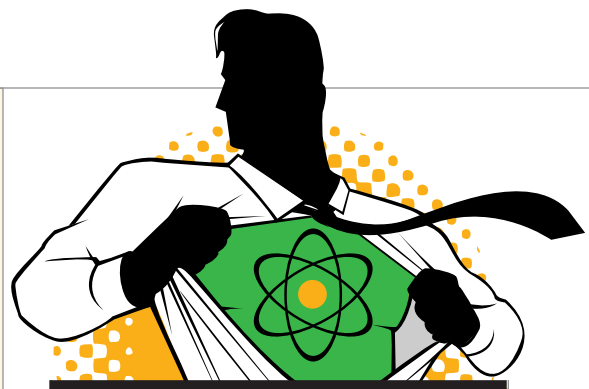
The new degree programs — an accelerated bachelor's degree, an accelerated online master's degree and a doctorate in nursing practice (DNP) — also will help meet the growing demand for registered nurses.

According to labor market information, the number of registered nursing jobs in the San Antonio region is expected to rise by 34 percent by 2016. Statewide, the number of such jobs is expected to increase by 37.8 percent.

The accelerated bachelor's degree in nursing, which is scheduled to begin in May with a class of 70 students, is for people who already have a degree in another field. The online master's degree program, which begins January 2011 with 46 students, is for those who already have a nursing associate's degree. The doctorate program is aimed at producing highly educated clinical nursing specialists, executive leaders and clinical faculty members. The DNP program will begin in January 2011 with 10 students.

To learn more about Health Science Center's School of Nursing, visit <http://nursing.uthscsa.edu>.

(Tracey Lamphere)



## SUPERCONDUCTIVITY RESEARCH GETS SUPER-FUNDED

The University of Houston's Texas Center for Superconductivity (TcSUH) has been awarded a \$3.5 million grant from the Texas Emerging Technology Fund to boost superconductivity research.

"The University of Houston is a worldwide leader in superconductivity technology, and this grant will help expand their research capabilities while encouraging the commercialization of this promising technology," says Gov. Rick Perry.

The grant will be used over five years to establish TcSUH's Applied Research Hub, expanding the University of Houston's role in superconductivity, which began with Professor Paul C. W. Chu's 1987 discovery of the yttrium barium copper oxide family of superconductors, commonly called YBCO.

Superconductors are materials that can, at very low temperatures, conduct electricity with essentially no resistance. They're useful for a variety of technologies including those related to energy, medical equipment, industrial processes, communications and transportation. The research hub hopes to develop and commercialize a second-generation superconducting wire that would improve the efficiency, security, stability and environmental compatibility of the electric power grid.

To learn more about TcSUH's research, visit [www.tcsuh.uh.edu](http://www.tcsuh.uh.edu).

(Tracey Lamphere)

# Less Giving When It Hurts

by Clint Shields

## Economy Pinches College Donations

**A** slumping economy has tightened budgets for families everywhere. It has also affected the amounts alumni are able and willing to give back to their alma maters.

According to a February 2010 report from the Council for Aid to Education (CAE), donations to colleges and universities across the country fell by almost 12 percent in the reporting year that ended on June 30, 2009. The drop was the sharpest seen in the survey's 41-year history.

Given last year's economic conditions, a slowdown in giving was expected.

"The decline was not a surprise," says Ann Kaplan, who coordinates the CAE's Voluntary Support of Education Survey. "Giving should gradually rebound. It takes time for contributions to recover, but they should stop falling."

Schools across the state have seen

donations decline. The University of Texas at Austin, for instance, saw donations fall 16 percent in 2009. Similar patterns were seen at Texas A&M University, where donations fell by 10 percent in 2009; UT-Southwestern Medical School, down by 21 percent; and the University of North Texas, down 30 percent.

### **SURVIVING THE SLUMP**

Despite the slowdown, donation coordinators remain optimistic. For the University of Texas System, which includes 15 campuses, donation funds were down, but participation was not.

System included. The system received nearly \$1.5 billion in CAE's 2007 and 2008 reporting years. Still, its 2009 total was the fourth-best year of giving in the system's history, Safady says.

As for the future, again, optimism is key, she says. Fundraising efforts for university plans, building projects and donation campaigns will continue in earnest and 2010 will be another challenging year.



**Randa Safady**  
Vice Chancellor,  
External Relations  
University of Texas System



"In the midst of a down economy, UT System institutions collectively recorded the most donors in their history," says Randa Safady, vice chancellor for external relations for the UT System. "Giving was down, yes, but donors understood that the important work of UT institutions must continue in an up or down economy."

The drop in donations came after strong years for many schools, the UT

"Historical patterns indicate that as the economy recovers, contributions will rise again," Safady says. "Fiscal 2009 was difficult for colleges and universities and also for those individuals that care about them. Institutions will have to work hard to maintain giving levels from the past year."

Donations to different components of a university's system also rise and fall from year to year, which can make donation totals harder to interpret. For instance, the Texas Tech University System, which now includes the university, the school's health sciences center and Angelo State University — saw donations decline, according to the CAE report. Donations to Texas Tech itself, however, have not.

"We have increased our fundraising



**"We have increased our fundraising totals at Texas Tech University, even in the recession."**

— Kelly Overley, Texas Tech vice chancellor  
for institutional advancement

totals at Texas Tech University, even in the recession,” says Kelly Overley, Tech’s vice chancellor for institutional advancement. “Our alumni and supporters continue to believe that education is the best investment they can make in the future of our state and our country.”

### TIMING IS EVERYTHING

Other schools have bucked the downward trend for donations. Rice University, which relies on alumni for 27 percent of its revenue, has seen its donations increase in each of the past two years.

In Dallas, Southern Methodist University (SMU) has enjoyed an increase as well. According to the CAE report, SMU’s donations for the 2008 report year increased by 11 percent, to \$75 million, and then jumped by 37 percent in 2009, to more than \$103 million. The increases came, in part, thanks to a timely donations campaign.

“We were fortunate to launch a campaign in early fall 2008, just before economic conditions turned,” says Brad Cheves, SMU’s vice president for development and external affairs. “Therefore, we already had pledges on the books [and] a volunteer organization, staff and infrastructure in place.”

The donation drive was the university’s second in recent years, Cheves says, after another successful campaign that ended in 2002. Following its conclusion, the school began securing “lead” gifts — significant amounts that launch a project or initiative — in

### Many schools across the state have seen donation declines.

2005, 2006 and 2007, which ultimately helped it stay ahead of the recession.

Cheves expects the school to remain on target in terms of its cash flow, and notes that most donors are not altering their payment schedules. More importantly, he says, the 2009 numbers were not an anomaly for SMU, which has successfully grown its donations for years.

“Over the past 10 years, we have had several record years, and our trend over that time is an average growth in giving of 5.5 percent per year,” Cheves says.

Sound fiscal management, he says, has kept building projects from being delayed during rough economic times. But Cheves adds that it’s no time to

rest. The university still recruits hard to keep the dollars flowing.

“Absolutely we do,” he says. “And everyone else does as well.” **FN**

You can view the CAE report, as well as fiscal 2009 donation totals, on the CAE Web site at [www.cae.org](http://www.cae.org).

### GIVING SLOWS DOWN

Private donations from individuals, alumni, corporations and foundations fell sharply at Texas colleges and universities in 2009, with few exceptions.

#### DONATIONS TO SELECTED TEXAS UNIVERSITIES, 2009

| SCHOOL                         | 2009 DONATIONS | PERCENT CHANGE FROM 2008 |
|--------------------------------|----------------|--------------------------|
| University of Texas at Austin  | \$238 million  | -16 %                    |
| Texas A&M University           | 187 million    | -10                      |
| UT Southwestern Medical School | 115 million    | -21                      |
| Southern Methodist University  | 103 million    | +37                      |
| Rice University                | 95 million     | +11                      |
| Texas Tech University System   | 94 million     | -4                       |
| Baylor University              | 45 million     | -2                       |
| Texas Christian University     | 35 million     | -15                      |
| University of North Texas      | 13 million     | -30                      |

Source: Council for Aid to Education

### ENDOWMENTS TUMBLE

Endowments — money granted or donated by groups or individuals as permanent funding to generate investment revenue — also suffered in fiscal 2009 (July 1, 2008 – June 30, 2009). According to a report by the National Association of College and University Business Officers, schools participating in the group’s annual survey reported an average endowment loss of more than 18 percent nationally. Several Texas schools, both public and private, were among the respondents.

| SCHOOL OR SYSTEM              | 2009 ENDOWMENT FUNDS | PERCENT CHANGE FROM 2008 |
|-------------------------------|----------------------|--------------------------|
| University of Texas System    | \$12.1 billion       | -24.8 %                  |
| Texas A&M University System   | 5.1 billion          | -23.7                    |
| Rice University               | 3.6 billion          | -21.6                    |
| Southern Methodist University | 1.0 billion          | -26.3                    |
| Texas Christian University    | 0.9 billion          | -20.2                    |
| Baylor University             | 0.9 billion          | -17.7                    |
| Texas Tech University System  | 0.7 billion          | -14.2                    |
| University of Houston System  | 0.5 billion          | -25.9                    |

Source: National Association of College and University Business Officers

# Signposts for the Economy

by Mark Wangrin

## A Look at Our Economic Tables

Some *Fiscal Notes* readers may turn to the tables at the back of the book first; others may give them no more than a glance. But for nearly 35 years, starting when this publication was a four-page document called *Financial Statement*, we've been using tables to report on the state's economic fortunes. This month, we're taking a brief look back at their origins.

*Financial Statement*, which debuted in September 1975, was chock full of statistics on state government's revenues, expenditures and cash

The Texas index can be used to forecast changes in employment.

### TRACKING JOBS

NONFARM JOBS  
(in millions)

11

10.5

10

9.5

9

8.5

8

■ TEXAS LEADING ECONOMIC INDICATOR INDEX

■ JOBS

The Comptroller's Texas leading indicators index has tracked the ups and downs of the state's job count closely over the years.

position, as well as some economic data such as production figures for the then all-important oil and gas industry.

The publication evolved to become more consumer-friendly, gradually adding stories that provided explanations and context, and changing its name to *Fiscal Notes* in 1977.

But we wanted to give taxpayers a quick snapshot of where the Texas economy stood — and where it was headed.

That goal led to the June 1990 debut of an expanded set of economic indicators, including the "Lone Star Five," a quintet of carefully chosen economic statistics that included measures of nonfarm employment, industrial production, retail sales and indices of consumer prices and leading indicators. Our office developed the last indicator.

"We shaped the Texas leading indicators index to forecast where nonfarm employment growth would be in four to six months down the road," recalls Gary Preuss, an economist with the Comptroller's Revenue Estimating Division.

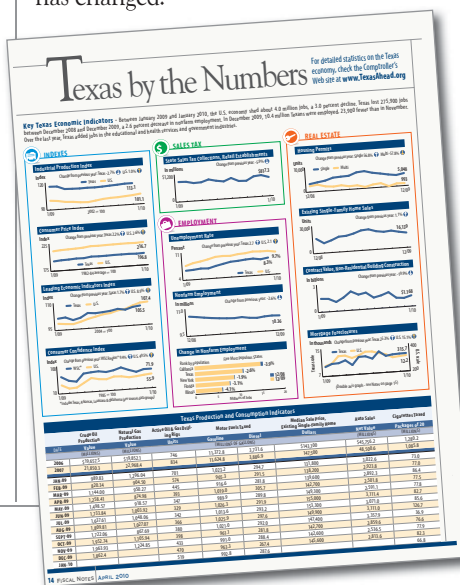
Revenue Estimating created the Texas leading indicator index using a formula that combines the national leading indicator index with nine other economic indicators dealing with employment, retail sales, oil and stock prices, housing permits, new business growth and consumer confidence.

The Texas index can be used to forecast changes in employment. "It's kind of a red flag of things to come," says Lisele Zavala, an analyst with Revenue Estimating.

### MOVING WITH THE TIMES

The components used in the index haven't changed, but their weighting within the index has. Oil prices, for instance, have less impact on the index than they once did, to reflect the increasing diversification of the Texas economy.

"Oil prices were much more significant at one time," Preuss says. "Since Texas has so many industries that are hurt rather than helped by higher oil prices today, they aren't really as good an indicator of our employment growth now. So the weighting of these things has changed."



The entire roster of *Fiscal Notes* indicators has changed over time, based on their individual relevance. For example, our indicator tracking “help wanted” advertising was dropped from the magazine at the start of 2008 because fewer employers are using printed ads to court job seekers, instead turning to online services such as Craigslist and Monster.com.

Personal income was also dropped at that time, and mortgage foreclosures have since joined the mix.

“The main reason that personal income was dropped was a lack of timeliness,” Preuss says. “The latest personal income data now available from the U.S. Bureau of Economic Analysis come out several months after the fact.

“Mortgage foreclosures were added because it was a hot topic during the subprime real estate meltdown nationally,” he says. And as the national economy completes its recessionary cycle and foreclosures return to normal levels, that statistic might be replaced with some other economic indicator.

## BY THE NUMBERS

Such adjustments have continued to shape *Fiscal Notes* statistics over the years. Our economic tables have evolved into Texas By the Numbers, which now reports 12 key economic indicators ranging from staples such as the consumer price index and the unemployment rate to the contract value of non-residential building construction and mortgage foreclosures.

All are useful, but some have greater predictive use than others. Preuss says a review of employment statistics shows that retail sales offer the closest correlation as a predictor of employment trends, probably because they involve a direct influx of money into the economy and indicate consumer optimism. **FN**

The Comptroller’s weekly “Tracking the Texas Economy” e-mail bulletin gives you the latest economic news and key economic indicators. Sign up now at [www.texasahead.org/economy/tracking](http://www.texasahead.org/economy/tracking).

## CONTINUED FROM PAGE 7

population increased 53 percent. The use of our roads grew 103 percent,” said Delisi. “The trend is continuing, with some projecting an additional 27 percent in population growth and 67 percent in road usage over the next 25 years.” **FN**

Read the 2030 Committee’s report projecting future demands on Texas’ transportation infrastructure at <http://texas2030committee.tamu.edu>.

To see a video of the Feb. 1, 2010 Texas House of Representatives Transportation Committee and Texas Senate Transportation and Homeland Security Committee joint hearing, visit [www.house.state.tx.us/fx/av/committee81/00201a34.ram](http://www.house.state.tx.us/fx/av/committee81/00201a34.ram).

The full text of Texas Transportation Commission Chair Deidre Delisi’s testimony before the joint hearing and other written testimony can be downloaded as a PDF at [www.senate.state.tx.us/75r/Senate/commit/c640/c640.htm](http://www.senate.state.tx.us/75r/Senate/commit/c640/c640.htm).



## TRUCKS INCREASE ROAD MAINTENANCE CHALLENGES

TxDOT estimates that a fully loaded tractor-trailer truck can cause almost 10,000 times as much damage to highway surfaces as a passenger vehicle. According to the Federal Highway Administration, large truck traffic in the U.S. may increase by almost 40 percent by 2020, while passenger-vehicle traffic increases by 30 percent.



## INVESTING IN URBAN MOBILITY

The 2030 Committee estimates Texas will need to spend \$171 billion by 2030 in our urban areas just to maintain present-day mobility. Actually reducing traffic congestion in our cities would require \$213 billion. The cost of congestion will rise from \$570 per urban commuter today to as much as \$2,100 (in 2008 dollars) in 2030, if additional funding sources are not found.

## 2030 URBAN MOBILITY OUTCOMES

|   | CURRENT FUNDING TREND | PREVENT WORSENING CONGESTION | REDUCE CONGESTION |
|---|-----------------------|------------------------------|-------------------|
| Scenario Cost                               | \$70 Billion          | \$171 Billion                | \$213 Billion     |
| Annual Delay per Commuter in 2030 (hours)   | 90                    | 32                           | 19                |
| Congestion Cost Per Commuter (2008 dollars) | \$2,100               | \$740                        | \$430             |

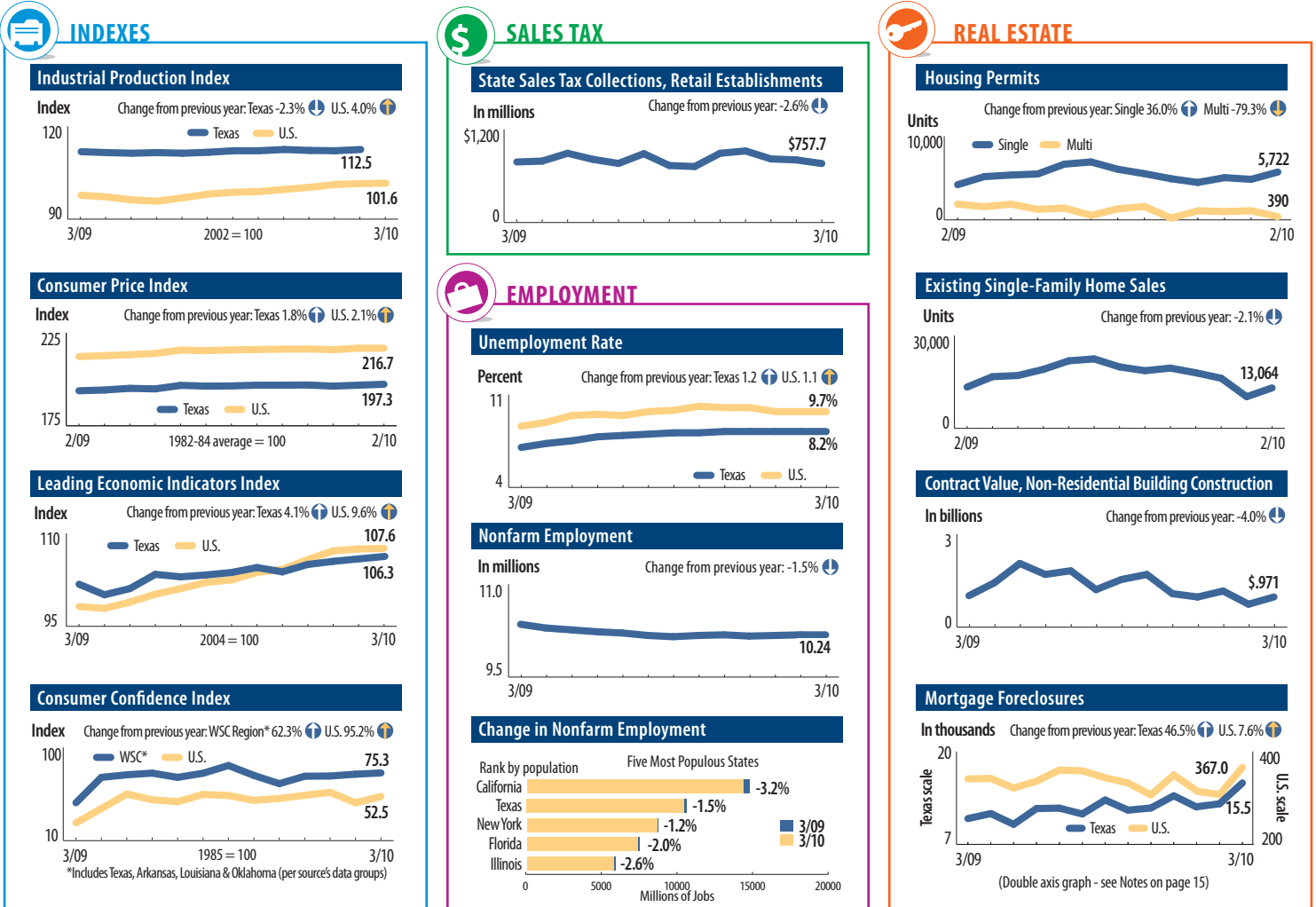
Source: 2030 Committee



# Texas by the Numbers

For detailed statistics on the Texas economy, check the Comptroller's Web site at [www.TexasAhead.org](http://www.TexasAhead.org)

**Key Texas Economic Indicators** - Between March 2009 and March 2010, the U.S. economy shed about 2.3 million jobs, a 1.8 percent decline. Texas lost 160,800 jobs between March 2009 and March 2010, a 1.5 percent decrease in nonfarm employment. In March 2010, 10.2 million Texans were employed, 8,500 more than in February 2010. Over the last year, Texas added jobs in leisure and hospitality, educational and health services, and government industries.



## Texas Production and Consumption Indicators

| DATE    | Crude Oil Production | Natural Gas Production | Active Oil & Gas Drilling Rigs | Motor Fuels Taxed              |                              | Median Sale Price, Existing Single-family Home | Auto Sales           | Cigarettes Taxed          |
|---------|----------------------|------------------------|--------------------------------|--------------------------------|------------------------------|--|----------------------|---------------------------|
|         | Value (MILLIONS)     | Value (MILLIONS)       | Units                          | Gasoline (MILLIONS OF GALLONS) | Diesel (MILLIONS OF GALLONS) | Dollars  | Net Value (MILLIONS) | Packages of 20 (MILLIONS) |
| 2006    | \$19,657.5           | \$19,852.1             | 746                            | 11,372.8                       | 3,731.6                      | \$143,100                                      | \$45,756.2           | 1,280.2                   |
| 2007    | \$21,850.3           | \$22,968.4             | 834                            | 11,624.8                       | 3,886.9                      | \$147,500                                      | \$48,500.6           | 1,085.8                   |
| MAR-09  | 1,144.70             | 932.22                 | 445                            | 916.6                          | 281.8                        | 139,600  | 2,892.3              | 86.4                      |
| APR-09  | 1,263.39             | 859.43                 | 393                            | 1,019.0                        | 305.7                        | 142,900  | 2,501.8              | 77.5                      |
| MAY-09  | 1,505.56             | 902.44                 | 347                            | 989.9                          | 289.8                        | 149,300  | 2,591.1              | 77.8                      |
| JUN-09  | 1,741.54             | 986.90                 | 329                            | 1,026.3                        | 291.9                        | 155,000  | 3,111.4              | 82.7                      |
| JUL-09  | 1,643.61             | 1,031.07               | 342                            | 1,013.6                        | 293.2                        | 153,300  | 3,071.0              | 85.6                      |
| AUG-09  | 1,809.69             | 961.23                 | 366                            | 1,025.9                        | 297.6                        | 150,000  | 3,111.0              | 126.7                     |
| SEPT-09 | 1,722.75             | 820.40                 | 380                            | 1,021.0                        | 292.0                        | 147,300  | 3,357.9              | 36.9                      |
| OCT-09  | 1,958.76             | 1,097.98               | 398                            | 961.1                          | 281.8                        | 142,700  | 2,859.6              | 76.6                      |
| NOV-09  | 1,978.15             | 1,226.39               | 433                            | 991.0                          | 288.4                        | 142,400  | 2,536.5              | 77.9                      |
| DEC-09  | 1,910.83             | 1,423.17               | 470                            | 963.3                          | 267.4                        | 144,400  | 2,813.6              | 82.3                      |
| JAN-10  | 2,027.86             | 1,703.82               | 519                            | 992.8                          | 287.6                        | 136,400  | 2,815.3              | 66.8                      |
| FEB-10  | 1,796.8              |                        | 549                            | 945.5                          | 289.6                        | 141,100  | 2,969.2              | 70.6                      |
| MAR-10  |                      |                        | 593                            | 913.6                          | 273.8                        |  |                      | 84.3                      |

| March Cash Condition <sup>1</sup>  |                  |                   |                   |
|--|------------------|-------------------|-------------------|
| (Amounts in millions)  | General Revenue  | Other Funds       | Total Cash        |
| <b>BEGINNING BALANCE MARCH 1, 2010</b>   | <b>\$4,482.5</b> | <b>\$19,532.1</b> | <b>\$24,014.6</b> |
| Revenue/Expenditures   |                  |                   |                   |
| Revenue  | 6,137.8          | 2,715.6           | 8,853.4           |
| Expenditures   | 5,901.6          | 2,754.5           | 8,656.1           |
| Net Income (outgo)   | \$236.2          | \$-38.9           | \$197.3           |
| Net Interfund Transfers and Investment Transactions  | \$-210.7         | \$342.8           | \$132.1           |
| Total Transactions   | 25.5             | 303.9             | 329.4             |
| <b>END CASH BALANCE MARCH 31, 2010<sup>2</sup></b>   | <b>\$4,508.0</b> | <b>\$19,836.0</b> | <b>\$24,344.0</b> |
| <sup>1</sup> Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding. |                  |                   |                   |
| <sup>2</sup> The ending General Revenue Fund balance includes \$5.4 billion derived from the sale of cash management notes.  |                  |                   |                   |

| State Revenue/All Funds <sup>1</sup>   |                  |                                |                  |
|--|------------------|--------------------------------|------------------|
| (Amounts in millions)  | Monthly Revenue  | Fiscal Year-to-Date March 2010 |                  |
|  | March 2010       | Revenue                        | % Change YTD/YTD |
| <b>TAX COLLECTIONS BY MAJOR TAX</b>  |                  |                                |                  |
| Sales Tax  | \$1,466.0        | \$11,087.6                     | -11.9%           |
| Oil Production Tax   | 79.0             | 580.7                          | 3.0              |
| Natural Gas Production Tax   | 114.4            | 327.3                          | -73.4            |
| Motor Fuel Taxes   | 232.8            | 1,719.4                        | -1.6             |
| Motor Vehicle Sales Tax  | 239.2            | 1,461.5                        | -6.8             |
| Franchise Tax  | 185.7            | 57.1                           | 165.7            |
| Cigarette & Tobacco Taxes  | 133.9            | 770.1                          | -13.9            |
| Alcoholic Beverages Tax  | 64.4             | 454.5                          | -0.8             |
| Insurance Companies Tax  | 386.2            | 796.1                          | 6.8              |
| Utility Taxes <sup>2</sup>   | 1.0              | 215.2                          | -14.2            |
| Inheritance Tax  | 0.2              | 0.1                            | -94.5            |
| Hotel/Motel Tax  | 25.8             | 174.1                          | -12.6            |
| Other Taxes <sup>3</sup>   | -50.6            | 224.9                          | -13.3            |
| <b>TOTAL TAX COLLECTIONS</b>   | <b>\$2,877.9</b> | <b>\$17,868.6</b>              | <b>-12.5%</b>    |
| <b>REVENUE BY RECEIPT TYPE</b>   |                  |                                |                  |
| Tax Collections  | \$2,877.9        | \$17,868.6                     | -12.5%           |
| Federal Income   | 3,845.1          | 22,951.7                       | 33.7             |
| Interest and Investment Income   | 183.9            | 814.5                          | -23.5            |
| Licenses, fees, permits, fines,  | 424.7            | 4,002.4                        | -5.3             |
| Contributions to Employee Benefits   | 495.7            | 3,068.3                        | 7.6              |
| Sales of Goods and Services  | 42.0             | 228.3                          | -6.7             |
| Land Income  | 45.3             | 381.7                          | -32.7            |
| Net Lottery Proceeds <sup>4</sup>  | 163.9            | 982.1                          | 9.1              |
| Other Revenue Sources  | 774.9            | 4,889.9                        | 5.4              |
| <b>TOTAL NET REVENUE</b>   | <b>\$8,853.5</b> | <b>\$55,187.4</b>              | <b>6.0%</b>      |
| <sup>1</sup> Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding. |                  |                                |                  |
| <sup>2</sup> Includes the utility, gas utility administration and public utility gross receipts taxes.   |                  |                                |                  |
| <sup>3</sup> Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.   |                  |                                |                  |
| <sup>4</sup> Gross sales less retailer commissions and the smaller prizes paid by retailers.   |                  |                                |                  |

## NOTES:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasoline. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections; rigs; consumer price; housing permits/sales/prices; and consumer confidence. Figures are based on the most recent available data. Annual figures are for calendar years. [† Double axis graphs: Graphs with two vertical axes show values for Texas on the left and values for the U.S. on the right. This method shows trends more clearly over the last year when data values are substantially different at state and national levels.]

## SOURCES:

### KEY TEXAS ECONOMIC INDICATORS:

Consumer Price Index, Change in Nonfarm Employment: U.S. Bureau of Labor Statistics  
 Consumer Confidence Index: The Conference Board  
 Leading Economic Indicators Index: Texas Comptroller of Public Accounts, The Conference Board  
 Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics  
 Nonfarm Employment: Texas Workforce Commission  
 State Sales Tax Collections, Retail Establishments: Texas Comptroller of Public Accounts  
 Housing Permits, Existing Single-family Home Sales: The Real Estate Center at Texas A&M University  
 Industrial Production Index: Federal Reserve Bank of Dallas

Contract Value, Non-Residential Building Construction: McGraw-Hill  
 Mortgage Foreclosures: RealtyTrac

### TEXAS PRODUCTION AND CONSUMPTION INDICATORS:

Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts  
 Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated  
 Median Sale Price, Existing Single-family Home: The Real Estate Center at Texas A&M University

| State Expenditures/All Funds <sup>1</sup>  |                      |                                |                  |
|--|----------------------|--------------------------------|------------------|
| (Amounts in millions)  | Monthly Expenditures | Fiscal Year-to-Date March 2010 |                  |
|  | March 2010           | Expenditures                   | % Change YTD/YTD |
| <b>BY OBJECT</b>   |                      |                                |                  |
| Salaries and Wages   | \$898.5              | \$6,366.8                      | 2.8%             |
| Employee Benefits/Teacher Retirement Contribution  | 863.5                | 5,775.0                        | 12.1             |
| Supplies and Materials   | 74.9                 | 573.6                          | 2.5              |
| Other Expenditures   | 285.9                | 1,904.1                        | 1.5              |
| Public Assistance Payments   | 4,158.9              | 26,520.0                       | 22.1             |
| Intergovernmental Payments:  |                      |                                |                  |
| Foundation School Program Grants   | 534.4                | 10,141.8                       | -22.0            |
| Other Public Education Grants  | 1,299.8              | 4,034.6                        | 39.6             |
| Grants to Higher Education   | 106.5                | 664.6                          | -1.7             |
| Other Grants   | 266.5                | 1,831.4                        | -6.5             |
| Travel   | 13.5                 | 89.0                           | -8.0             |
| Professional Services and Fees   | 162.0                | 1,295.2                        | 11.5             |
| Payment of Interest/Debt Service   | 126.6                | 548.5                          | -13.6            |
| Highway Construction and Maintenance   | 193.0                | 1,790.4                        | -26.1            |
| Capital Outlay   | 44.5                 | 324.1                          | 19.2             |
| Repairs and Maintenance  | 51.2                 | 460.5                          | 14.9             |
| Communications and Utilities   | 45.9                 | 291.0                          | 16.8             |
| Rentals and Leases   | 24.4                 | 171.2                          | 2.0              |
| Claims and Judgments   | 10.7                 | 84.8                           | 58.9             |
| Cost of Goods Sold   | 25.8                 | 248.2                          | -52.3            |
| Printing and Reproduction  | 4.3                  | 27.0                           | -7.6             |
| <b>TOTAL NET EXPENDITURES</b>  | <b>\$8,656.1</b>     | <b>\$63,141.8</b>              | <b>5.4%</b>      |
| <b>BY FUNCTION</b>   |                      |                                |                  |
| General Government   |                      |                                |                  |
| Executive  | \$638.6              | \$3,869.9                      | 10.9%            |
| Legislative  | 10.2                 | 78.5                           | -1.6             |
| Judicial   | 15.2                 | 158.7                          | 11.9             |
| Subtotal   | 663.9                | 4,107.1                        | 10.7             |
| Health and Human Services  | 4,041.0              | 25,827.5                       | 22.6             |
| Public Safety and Corrections  | 400.9                | 2,906.6                        | -2.5             |
| Transportation   | 357.3                | 3,310.5                        | -16.1            |
| Natural Resources/Recreational Services  | 140.7                | 1,086.5                        | -15.4            |
| Education  | 2,036.0              | 19,669.6                       | -6.6             |
| Regulatory Agencies  | 23.2                 | 216.0                          | 2.0              |
| Employee Benefits  | 780.8                | 4,982.0                        | 12.4             |
| Debt Service—Interest  | 126.6                | 548.5                          | -13.6            |
| Capital Outlay   | 44.5                 | 324.1                          | 19.2             |
| Lottery Winnings Paid <sup>2</sup>   | 41.2                 | 163.4                          | -40.2            |
| <b>TOTAL NET EXPENDITURES</b>  | <b>\$8,656.1</b>     | <b>\$63,141.8</b>              | <b>5.4%</b>      |
| <sup>1</sup> Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding. |                      |                                |                  |
| <sup>2</sup> Does not include payments made by retailers. Previously shown as "Other expenditures."  |                      |                                |                  |

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.

## Susan Combs

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

**Fiscal Notes** is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

**Fiscal Notes** also provides a periodic summary of the financial statements for the State of Texas.

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# FISCAL NOTES

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Send questions or comments to [fiscal.notes@cpa.state.tx.us](mailto:fiscal.notes@cpa.state.tx.us).

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**FISCAL NOTES**

Texas Comptroller of Public Accounts

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**In 2009, Houston** was the most popular destination for Americans moving to new cities, according to U-Haul International, Inc.

In April 2010, U-Haul issued the 2009 edition of its National Migration Trend Report, better known as the "Top 50 U.S. Destination Cities." The annual survey, compiled from truck rental records for the year, highlights the most common destinations for persons using U-Haul to relocate.

In addition to Houston in first place, the top 10 included San Antonio (fourth) and Austin (fifth). Dallas, Plano and Fort Worth made the list as well, at 16<sup>th</sup>, 34<sup>th</sup> and 44<sup>th</sup> respectively.

1. Houston, Texas
2. Las Vegas, Nev.
3. Chicago, Ill.
4. San Antonio, Texas
5. Austin, Texas
6. Atlanta, Ga.
7. Orlando, Fla.
8. Kansas City, Mo.
10. Denver, Colo.

Source: U-Haul International, Inc.